

Message Text

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PAGE 01 SINGAP 03346 250247Z

10

ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 RSR-01 /146 W

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R 250230Z AUG 73

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9287

C O N F I D E N T I A L SINGAPORE 3346

DEPT FOR EA AND E

DEPT PASS TREASURY

E.O. 11652: GDS

TAGS: PFOR EFIN SN

SUBJECT: U.S. TRADE REFORM BILL - 1973

1. EMBASSY HAS RECEIVED AIDE MEMOIRE FROM GOS ADDRESSING EFFECTS OF PRESIDENT'S PROPOSED TRADE REFORM BILL, AND REQUESTING CLARIFICATION OF CERTAIN PROVISIONS. SINGAPORE GOVERNMENT IS VERY WORRIED ABOUT PROPOSED CHANGES IN TAXATION OF FOREIGN SOURCE INCOME AND IS REQUESTING CLARIFICATION OF PROVISION WHICH WOULD ENABLE NEGOTIATION OF BILATERAL TAX TREATIES WHICH WOULD MAKE SOME OF THE INCOME TAX PROVISION INAPPLICABLE IN CERTAIN CIRCUMSTANCES.

2. GOS MAKES THE CASE THAT PROPOSED LEGISLATION HAS ALREADY SERIOUSLY AFFECTED THEIR DEVELOPMENT PROGRAM AND THREATENS OVER THE NEXT SEVERAL YEARS TO HAVE CERTAIN DAMPENING AS WELL AS DISTORTING EFFECTS ON THEIR ECONOMIC GROWTH. THEY MAKE CASE THAT MAJORITY OF U.S. INVESTMENT IN MANUFACTURING IS NOT FOR PRODUCTS
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THAT WOULD BE RESOLD TO US; THAT THE TOTAL IMPACT OF

THOSE PRODUCTS WHICH ARE RESOLD TO U.S. IS NEGLIGIBLE AND
COULD NEVER BECOME SIGNIFICANT. THEY STATE THAT THEIR
POLICY OF BALANCED AND DIVERSIFIED GROWTH REQUIRES TAX
INCENTIVES, AND THAT 20 PERCENT LIMITATION IS UNDULY
RESTRICTIVE TO THEM ESPECIALLY IN THE EARLY STAGE
OF GROWTH IN WHICH OPTIMUM LEVELS OF EFFICIENCY AND
PRODUCTION HAVE NOT BEEN REACHED.

3. WHILE GOS AWARE THAT THEIR CONCERNS COULD HAVE
LITTLE EFFECT ON THE LEGISLATION ITSELF, THEY ARE
ANXIOUS TO CLARIFY THE KINDS OF EXCEPTIONS THAT A
BILATERAL TAX TREATY MIGHT INCLUDE AND ARE WILLING TO
BEGIN GROUNDWORK FOR THE NEGOTIATION OF SUCH A TREATY
AT THE EARLIEST OPPORTUNITY.

4. AIDE MEMOIRE AND COVERING AIRGRAM FOLLOW.
CRONK

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NNN

Message Attributes

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Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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